



**STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 28, 2012

To: The Honorable Marcus R. Oshiro, Chair,  
The Honorable Marilyn B. Lee, Vice Chair, and  
Members of the House Committee on Finance

Date: Tuesday, February 28, 2012  
Time: 4:00 p.m.  
Place: Conference Room 308, State Capitol

From: Dwight Y. Takamine, Director  
Department of Labor and Industrial Relations (DLIR)

**RE: HB2575HD2 RELATING TO BOILER AND ELEVATOR SAFETY LAW**

**I. OVERVIEW OF PROPOSED LEGISLATION**

HB2575HD2 establishes a boiler and elevator special fund to provide a mechanism for self-sufficiency for the Boiler and Elevator Inspection Branch of the Hawai'i Occupational Safety and Health Division (HIOSH). Key provisions of the measure include the following:

- A statutory increase in permit and inspection fees.
- The addition of up to ten (10) positions.
- \$1,000,000 in seed money from the general fund to be repaid in five years.
- An appropriation in the first year of \$2,900,000 to carry out the purposes of the program.

The department strongly supports this administration measure.

**II. CURRENT LAW**

The Boiler and Elevator Inspection Branch operates entirely on general funds and permit and inspection fees have not changed since 1998. Currently and despite

recent process improvements, 75% of elevators and 50% of boilers are operating without a current permit. There is also a backlog in performing critical load tests on elevators, internal inspection of escalators and inspections of amusement rides.

**III. COMMENTS ON THE HOUSE BILL**

1. HB2575HD2 is about public safety, the economy, and jobs. Over the past decade, the boiler and elevator inspection program staffing and budget has suffered from across the board cuts and neglect that has rendered it ineffective and a hindrance to economic revitalization.

<b>Boiler and Elevator Branch Staffing History*</b>											
Year	95	02	03	04	05	06	07	08	09	10	11
Filled	21	13	18	11	15	11	14	10	11	10	10
Authorized	21	24	18	19	18	13	14	21	15	11	12
% Filled	100%	54%	100%	58%	83%	85%	100%	48%	73%	91%	83%

*\* Years for which data was readily available.*

2. HB2575HD2 establishes a boiler and elevator special fund to provide a mechanism for self-sufficiency for the Boiler and Elevator Inspection Branch of HIOSH. HB2575HD2 takes away the likelihood that the program will suffer from repeated and often automatic across the board cuts because it establishes a boiler and elevator special fund that is funded by fees assessed on the elevator owners who are most immediately impacted by the program. The measure provides a mechanism for self-sufficiency that will enable the program to hire and retain qualified personnel and carry out the inspection and permitting functions related to public safety.
3. Elevators, boilers, steam kettles and kindred equipment may not meet safety standards and are a potential threat to public safety. Building owners, managers and businesses lose revenue awaiting the state's approval to use heaters and steam kettles for their restaurant, nursing home or institution. Retail stores, doctors and dentist offices must wait for the state's approval for the recently installed elevator or wheelchair lift to bring customers and patients to their doors. At the same time, developers and the construction industry are unable to commit to new projects without some assurance that the current project will be occupied and generate revenue upon completion. Without this assurance, construction workers will remain on the bench.
4. The department has been working with the various stakeholders since last session to reach consensus and draft this measure. Although owners,

managers, and businesses face fee increases averaging nearly 40%, they recognize that the fees have not risen in over 13 years, and are far preferable to the current untenable situation that is much more costly. It is critical that this measure be passed this year to have a chance of addressing the backlogs, the construction bottleneck and the public safety issues within the next two years.

5. The department has assigned one full-time person who is in the process of updating the elevator standards.

The department offers these additional comments about the provisions in the proposal:

1. Raises fees by statute until the Director amends such fees by rulemaking in accordance with Chapter 91 to enable a reduction in the backlogs as soon as possible.
2. The \$1,000,000 in seed money is critical to begin and continue operations until qualified staff are hired and trained. The additional 10 permanent staff, while reducing the backlogs, will also increase the amount of income and fees coming into the special fund.
3. The \$2,900,000 appropriation is the income based on a fully staffed branch that is maintaining timely inspections and safety tests of the state's inventory of boilers, elevators and kindred equipment, and amusement rides.

Thank you for the opportunity to provide testimony on this matter.



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The Twenty-Sixth Legislature, State of Hawaii  
House of Representatives  
Committee on Finance

Testimony by  
Hawaii Government Employees Association  
February 28, 2012

H.B. 2575, H.D. 2 - RELATING TO THE  
BOILER AND ELEVATOR SAFETY LAW

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 2575, H.D. 2, which establishes the boiler and elevator special fund within the Department of Labor and Industrial Relations to collect and deposit fees for inspections, permits and examinations of boilers, pressure systems and elevators. This bill will provide a mechanism for the program to be self-sustaining and the necessary funding to hire and retain a sufficient number of qualified personnel to inspect boilers, elevators, pressure systems and amusement rides. This program is essential to protect public health and safety.

The bill directly addresses the need for more manpower necessary to work on a backlog of inspections. Currently, about 75% of the elevators and 50% of the boilers are operating without a current permit because of overdue inspections or their permits are delayed. There is also a backlog in conducting critical load tests on elevators, internal inspections of escalators and inspection of amusement rides. By increasing its funding and being able to hire additional staff, the department can enhance public safety.

In addition, H.B. 2575, H.D. 2 will help developers to obtain building and occupancy permits faster and, thus, will be able to recover costs and move on to the next project. Contractors will be better able to plan for ongoing and future construction projects and bring unemployed workers back to work. Finally, building and building operating costs will be reduced as permits to operate will be issued on a timely basis, thereby assuring building insurers that the equipment is safe to operate.

Thank you for the opportunity to testify in support of H.B. 2575, H.D. 2.

Respectfully submitted,

Leiomalama E. Desha  
Deputy Executive Director

The Twenty-Sixth Legislature  
Regular Session of 2012

**HOUSE OF REPRESENTATIVES**

Committee on Finance

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

State Capitol, Conference Room 308

Tuesday, February 28, 2012; 4:00 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2575, HD2  
RELATING TO THE BOILER AND ELEVATOR SAFETY LAW**

The ILWU Local 142 supports H.B. 2575, HD2, which establishes the Boiler and Elevator Special Fund for the purpose of collecting and depositing the fees charged for permits, inspections, and certificates of boilers, pressure systems, elevators and kindred equipment, and amusement rides to provide sufficient operating funds for the Boiler and Elevator Inspection Branch.

The Hawaii Occupational Safety and Health Division experienced staffing layoffs during the past several years, resulting in fewer positions for boiler and elevator inspections. This bill will allow fees to be assessed and establish a special fund to support the hiring of more inspectors to provide for regular inspection and ensure the safety of all boilers and elevators in Hawaii. We support this effort to protect the public's safety.

The ILWU urges passage of H.B. 2575, HD2. Thank you for the opportunity to testify.



**HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL, AFL-CIO**

Gentry Pacific Design Center, Suite 215A \* 560 N. Nimitz Highway, #50 \* Honolulu, Hawaii 96817  
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REGINALD CASTANARES  
*President*  
Plumbers & Fitters Local 875

DAMIEN T.K. KIM  
*Vice President*  
International Brotherhood of  
Electrical Workers Local 1186

THADDEUS TOMEI  
*Treasurer*  
Elevator Constructors Local 128

GARY AYCOCK  
*Sergeant At Arms*  
Boilermakers, Ironship Builders  
Local 204

DOUGLAS FULP  
*Trustee*  
International Assoc. of Heat & Frost  
Insulators & Allied Workers Local 132

PETER GANABAN  
*Trustee*  
Ironworkers' International Union of  
North America Local 368

NOLAN MORIWAKI  
Bricklayers & Ceramic Tile Setters  
Local 1 & Plasterers  
Local 830 Cement Masons

JOSEPH O'DONNELL  
Iron Workers Local 625

ART TOLENTINO  
Sheet Metal Workers I.A. Local 293

LYNN KINNEY  
District Council 50  
Painters & Allied Trades Local 1791  
Carpet, Linoleum, & Soft Tile  
Local 1926  
Drywall, Tapers & Finishers  
Local 1944  
Glaziers, Architectural Metal &  
Glassworkers Local 1889

PANE MEATOGA  
Operating Engineers Local 3

RONAN KOZUMA  
Hawaii Teamsters & Allied  
Workers Local 896

VAUGHN CHONG  
Roofers, Waterproofers & Allied  
Workers United Union of Rooter  
Local 221

February 28, 2012

Honorable Representative Marcus Oshiro, Chair  
Honorable Representative Marilyn Lee, Vice Chair  
Members of the Committee on Finance  
Hawaii State Capital  
415 South Beretania Street  
Honolulu, HI 96813

RE: **IN SUPPORT** of HB2575 HD2, RELATING TO THE BOILER AND ELEVATOR SAFETY LAW  
Hearing: Tuesday, February 28, 2012, 4:00 p.m. Conference Room 308

Honorable Chair, Vice Chair and Committee Members;

The Hawaii Building & Construction Trades Council, AFL-CIO is comprised of 16 out of 17 construction trade unions throughout Hawaii. With an estimated membership of 20,000 statewide, our primary mission is to provide employment opportunities and living wages for the many working men and women we represent.

The Council SUPPORTS HB2575 HD2, which establishes the Boiler and Elevator Special Fund for the purpose of collecting and depositing the fees charged for permits, inspections, and certificates of boilers, pressure systems elevators and kindred equipment, and amusement rides to provide sufficient operating funds for the Boiler and Elevator Inspection Branch.

We applaud the efforts of the Department for putting this measure forward in an attempt to address the backlog of elevator inspections that, because of a lack thereof, poses health and safety concerns for the general public who may fall victim to injury and even death due to faulty equipment as a result of the lack of proper and timely inspection.

The Council supports any effort to improve the health and safety of its members.

Thank you for the opportunity to provide testimony in SUPPORT of HB2575 HD2.

Respectfully;  
Kika G. Bukoski  
Hawaii Building and Construction Trades Council

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# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

February 28, 2012

TO: HONORABLE REPRESENTATIVES MARCUS OSHIRO, CHAIR, MARILYN B. LEE, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON FINANCE

SUBJECT: **COMMENTS REGARDING H.B. 2575, HD2 RELATING TO BOILER AND ELEVATOR SAFETY LAW.** Establishes the Boiler and Elevator Special Fund for the purpose of collecting and depositing the fees charged for permits, inspections, and certificates of boilers, pressure systems elevators and kindred equipment, and amusement rides to provide sufficient operating funds for the Boiler and Elevator Inspection Branch.

### HEARING

DATE: Tuesday, February 28  
TIME: 4:00 P.M.  
PLACE: Conference Room 308

Dear Chair Oshir, Vice Chair M. Lee and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80<sup>th</sup> anniversary this year; it remains the largest construction association in the State of Hawaii. GCA is submitting **comments** regarding H.B. 2575, HD2, Relating to Boiler and Elevator Safety Law.

H.B. 2575, HD2 proposes to require the Department of Labor and Industrial Relations to establish a special fund to pay for the cost of operating the Boiler and Elevator Inspection Branch. All fees collected for inspections, permits and examinations of boilers and elevators shall be deposited into the fund effective July 1, 2012. The Bill also establishes a schedule of inspection and licensing fees to be charged pending establishment of a fee schedule under Chapter 91. This Bill would appropriate \$1,000,000 for fiscal year 2012-2013 as start up funds to be deposited into the boiler and elevator special fund, provided that it shall be paid back within five years.

The GCA recognizes the necessity of funds to pay for the inspections and examination of boilers and elevators since the installation and operation of defective equipment poses a danger to the general public that use elevators and come in contact with boilers and other pressure vessels.

A large number of elevators and pressure systems are operating without a current permit due to lack of sufficient staff to carry out the needed inspections. The health and safety of the general public could be jeopardized due to lack of funding to carry out the required inspections.

The GCA therefore, supports the intent of H.B. 2575, HD1; however, we take no position regarding the specific fee schedule proposed in the bill. We believe that the specific fee schedule proposed in the bill needs to be explained and examined before we can determine whether the amounts proposed are justified.

Thank you for this opportunity to present our views on this measure.





**IREM Institute of Real Estate Management**

*Hawaii Chapter No. 34*

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COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

Re: HB2575

Dear Mr. Oshiro and Ms. Lee

I am President of IREM Hawaii, which is part of the Institute of Real Estate Management, a national and international organization of Property management firms.

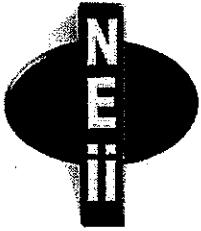
We will only support this bill if it is "revenue neutral" in that the fees cannot be increased on an annual basis to support increases in state worker salaries and benefits. Otherwise this bill would become another tax on businesses which cannot afford these increases today.

We believe there should be more inspectors, but it needs to be in a manner which does not gouge businesses, office buildings, shopping malls and condominium associations, as these additional fees will be passed on to the homeowner, the tenants and in the end to the Public.

Contrary to popular belief, many businesses and individuals are not out of the woods with the Great Recession in Hawaii and are still struggling to make ends meet and survive.

Sincerely,

S. Steven Sofos, President, IREM Hawaii Chapter 34



# National Elevator Industry, Inc.

## ASSOCIATION HEADQUARTERS

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### Testimony from the National Elevator Industry, Inc. (NEII)

### in STRONG SUPPORT of HB 2575 HD 2 Relating to the Boiler and Elevator Safety Law

House Committee on Finance  
Tuesday, February 28, 2012, 4 p.m., Room 308

Aloha Chair Ohsiro, Vice Chair Lee, and members of the committee:

The National Elevator Industry Inc (“*NEII*®”) is a national trade organization representing the interests of firms that install, maintain and/or manufacture (including parts or components) elevators, escalators, moving walks and other building transportation systems. NEII member companies have significant operations across Hawaii, and we appreciate the opportunity to support HB 2575 HD 2.

*NEII*® is very concerned about the several year backlog of inspections in the elevator and boiler branch of the Department of Labor and Industrial Relations (DLIR). We recognize that the State’s fiscal crisis has greatly contributed to the current challenges faced by DLIR with their current limited and overburdened staff. However, the inability to timely and effectively manage the inspections of elevators and other building transportation equipment in Hawaii raises safety issues, creates construction delays and results in significant cost burdens on the commercial business community in the State.

We would hope that responsible building owners in the State would arrange for their elevator equipment to be regularly and routinely maintained with necessary repairs or replacements made but only a current operating permit and approval of critical load tests will ensure the ongoing confidence of the riding public that such equipment is truly safe to use. Fortunately, there hasn’t been an elevator related fatality in the State for quite some time. A proper inspection and test approval program would be of invaluable assistance in continuing that trend.

The administrative quagmire that the DLIR finds itself in is exacerbating the economic crisis by stalling the occupancy of buildings that could help drive the State’s economic engine back to prosperity. Delayed occupancy means a delay in the sale and/or lease of buildings. Meanwhile, construction loan payments are still required draining away precious resources from cash-strapped property owners that could be allocated to other income producing projects. Financially distressed properties lead to increasing amounts of deferred maintenance thereby creating safety concerns (including elevators, building, fire and life safety systems) as well as lost jobs for the elevator industry that services existing equipment and that installs original equipment for new projects that never get off ground due to lack of funding. More loans will go into default and foreclosure as sufficient proceeds are not available to pay outstanding debt service. Every foreclosure and forced sale drives down the value of other area properties and makes

construction lenders even more skittish about financing other projects. All of this creates a downward spiral that makes it harder for the Hawaii economy to recover from an already depressed state.

For over a year, *NEII*® has led a collaborative working group that includes key stakeholders in the elevator and building industries. This group has developed a strong working relationship with DLIR and we have seen a positive commitment to resolving the backlog of inspections. HB 2575 would re-establish a revolving fund dedicated to the elevator branch which would allow the DLIR to recruit and hire suitably qualified staff for the necessary inspector positions including, most importantly, the Chief Elevator Inspector who would then be in a position to immediately fill the current leadership vacuum.

*NEII*®'s is the premier association representing the interests of firms that install, maintain and/or manufacture elevators, escalators, moving walks and other building transportation products. The *NEII*® membership includes the top elevator companies in the United States, if not the world, and reports more than eighty percent of the work hours for the industry. Safety for the riding public and industry professionals is one of *NEII*®'s top priorities.

Thank you for the opportunity to provide the elevator industry's comments today.

## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Saturday, February 25, 2012 9:24 AM  
**o:** FINTestimony  
**Cc:** Lardizabal@local368.org  
**Subject:** Testimony for HB2575 on 2/28/2012 4:00:00 PM

Testimony for FIN 2/28/2012 4:00:00 PM HB2575

Conference room: 308  
Testifier position: Support  
Testifier will be present: Yes  
Submitted by: Al lardizabal  
Organization: Hawaii Laborers' Union  
E-mail: [Lardizabal@local368.org](mailto:Lardizabal@local368.org)  
Submitted on: 2/25/2012

**Comments:**

The Hawaii Laborers' Union supports the bill but defers to the DLIR for particulars. Elevator safety directly impacts the visitor industry with the variety of visitor accommodations within the state. Elevators must be safe and reliable. Visitors must have that assurance.

Mahalo

George M. Waialeale  
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February 28, 2012

Committee on Finance

**HB 2575 HD2 Relating to the Boiler and Elevator Safety Law**

I am here to testify in support of HB 2575 HD2. With the establishment of this special fund to collect and deposit fees for inspections, permits and examinations of boilers, pressure systems, elevators, and kindred equipment will provide funds to hire more inspectors. This will provide a safety measure for installation and maintenance of boilers and elevators.

I ask for your passage of this legislation.

George Waialeale